

Message Text

UNCLASSIFIED

PAGE 01 ROME 14412 311212Z

12

ACTION EUR-25

INFO OCT-01 ISO-00 NEA-10 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 INT-08 SCEM-02 AID-20 CEA-02 COME-00

EB-11 EA-11 FRB-02 IO-14 OPIC-12 TRSE-00 CIEP-02

LAB-06 SIL-01 OMB-01 STR-08 DRC-01 /214 W

----- 124461

R 311100Z DEC 73

FM AMEMBASSY ROME

TO SECSTATE WASHDC 2521

INFO AMEMBASSY LONDON

AMEMBASSY THE HAGUE

US MISSION OECD PARIS 8665

US MISSION EC BRUSSELS 4652

AMCONSUL MILAN

AMCONSUL GENOA

UNCLAS ROME 14412

E.O. 11652: N/A

TAGS: ENRG, IT

SUBJ: ENI TAKEOVER OF SHELL BECOMES OFFICIAL

REF: ROME 13816

1. ENI AND SHELL ITALIANA ISSUED JOINT COMMUNIQUE EVENING
DECEMBER 28 STATING THAT NEGOTIATIONS FOR TAKEOVER BY ENI
HAVE BEEN SUCCESSFULLY CONCLUDED. AGREEMENT PROVIDES FOR
ENI TAKING POSSESSION OF SHELL'S THREE REFINERIES (RHO,
TARANTO, LA SPEZIA), 4,500 SERVICE STATIONS AND STORAGE
FACILITIES (8 COASTAL, 6 INLAND), AS WELL AS OTHER MINOR SHELL
ACTIVITIES WITH EXCEPTION OF SHELL'S INTERESTS IN CHEMICAL
SECTOR, ITS ACTIVITIES IN OFFSHORE DRILLING AND OIL PRODUCTION,
AN AGRICULTURAL RESEARCH CENTER, AND SHELL'S BUNKERING AND
AVIATION FUEL ACTIVITIES IN ITALY.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ROME 14412 311212Z

2. AGREEMENT STIPULATES THAT SHELL WILL CONTINUE TO GUARANTEE CRUDE OIL SUPPLY, REPORTEDLY 30 MILLION TONS OVER A FIVE YEAR PERIOD BEGINNING IN 1974. BULK -- 18 MILLION TONS -- WILL BE DELIVERED IN FIRST TWO YEARS. COMMUNIQUE ATTEMPTS TO REASSURE SHELL EMPLOYEES OF THEIR JOB SECURITY IN GUARANTEEING EMPLOYEE "INTERESTS" AS WELL AS MAINTENANCE OF PRESENT HEADQUARTERS AT GENOA.

3. COMMUNIQUE TEXT MAKES NO MENTION OF OVERALL COST OF TERMS OF PAYMENT FOR THE OPERATION, ACKNOWLEDGED TO BE THE MOST THORNY ELEMENT IN THE PROTRACTED NEGOTIATIONS (PARA 3 ROME 13559). ENI PRESS AGENCY RELEASE MENTIONS PRICE OF 120 BILLION LIRE (\$206 MILLION), PAYABLE OVER FOUR YEAR PERIOD, IN RELATION TO A 250 BILLION LIRE (\$439 MILLION) VALUATION OF SHELL'S FIXED INVESTMENTS IN ITALY. SEVERAL PRESS REPORTS, HOWEVER, SPECULATE THAT COST TO ENI CONSIDERABLY GREATER THAN 120 BILLION LIRE FIGURE. /IL FIORINO/ MENTIONS A FIGURE OF \$700-800 MILLION, SUGGESTING THAT A PORTION OF RECENT ITALIAN BORROWINGS IN EURODOLLAR MARKET MIGHT BE DESTINED AS PAYMENT TO SHELL.

4. COMMENT: ENI TAKEOVER OF SHELL IS IDEALLY TIMED TO COINCIDE WITH EXPECTED IMPLEMENTATION BY END OF JANUARY 1974 OF NATIONAL PETROLEUM PLAN. ONE OF KEY OBJECTIVES OF PLAN IS GREATER ROLE FOR ENI IN ITALIAN PETROLEUM SUPPLY PICTURE. ABSORPTION OF SHELL WILL RAISE ENI'S ANNUAL REFINING CAPACITY TO 35 MILLION TONS, OVER 20 0/0 OF TOTAL ITALIAN REFINING CAPACITY, GIVE ENI 11,500 SERVICE STATIONS OUTLETS OF A NATIONAL TOTAL OF 40,000 AND BOOST IT CONSIDERABLY IN THE RANKING OF ITALY'S CORPORATE GIANTS BEHIND IRI, FIAT AND MONTEDISON. ON THE OTHER HAND, DEPARTURE OF THE SECOND OF THE "SEVEN SISTERS" FROM ITALIAN MARKET IS LESS THAN A YEAR -- THE FIRST BEING BP SALE TO MONTI GROUP LAST MAY - IS WIDELY ACKNOWLEDGED TO BE NET LOSS FOR ITALY, PARTICULARLY IN A PERIOD OF TIGHT CRUDE OIL SUPPLY. FOR THIS REASON, GOVERNMENT SOURCES AT TIME OF APPROVING THE TRANSACTION REPORTED TO HAVE TERMED IT "NECESSARY, BUT REGRETTABLE".VOLPE

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, GASOLINE, PETROLEUM PRODUCTION, SUPPLIES, REFINERIES, CHEMICALS, INDEMNIFICATION
Control Number: n/a
Copy: SINGLE
Draft Date: 31 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973ROME14412
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973121/aaaaaby.tel
Line Count: 98
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: ROME 13816
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 04 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04-Jan-2002 by williad>; APPROVED <13 MAR 2002 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ENI TAKEOVER OF SHELL BECOMES OFFICIAL
TAGS: ENRG, IT
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005